

PROF. JEAN-MARC F. BLANCHARD, PH.D.
TERM: SPRING 2009
COURSE NUMBER: IR 446-01 (4 UNITS)
COURSE LOCATION: HSS 317
COURSE TIME: MW 14:10-15:50 PM

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(BOTH BY APPT. ONLY)

THE MULTINATIONAL CORPORATION IN WORLD AFFAIRS

COURSE DESCRIPTION, OBJECTIVES, AND PREREQUISITES

Description: This interdisciplinary course exploits readings and ideas from business, economics, and political science to deepen your understanding of one of the most salient actors in the contemporary global economy, the multinational corporation (MNC). Towards this end, we will examine topics such as the characteristics of MNCs, their power to influence the foreign policy of their home countries, the activities of MNCs in the developing world, the effect of multinational corporations on workers, and the corporate social responsibility (CSR) movement.

Objectives: The objectives of this course include: (1) teaching you about general MNC forms, features, and functions; (2) deepening your knowledge about specific MNCs; (3) increasing your ability to use analytical concepts to understand MNC behavior; (4) enriching your critical thinking abilities; and (5) advancing your research, writing, and oral presentation skills.

Prerequisites: Upper division standing; Eng 214. *Note: You will be dropped if you do not have upper division standing and may be dropped if you have not completed the Eng 214 (or equivalent) prerequisite.*

Other: All students with disabilities who need reasonable accommodations are encouraged to contact the instructor.

COURSE REQUIREMENTS (*Note: all aspects are subject to change*): It is possible to earn a maximum of 1000 points. The various components are:

- (1) Administrative (30 points): This consists of the submission of a fully completed Student Data Form (SDF) and passport-sized photo (20 points), student survey (10 points), and a signed copy of the IR Department plagiarism pledge (CR/NC). The SDF and plagiarism pledge will be posted on [iLearn \(http://ilearn.sfsu.edu\)](http://ilearn.sfsu.edu).

Note: You must submit these items by the dates specified in the syllabus in order to earn credit.

- (2) Attendance and participation (170 points): Attendance (100 points) is *mandatory*. You have **two** pre-excused absences, but you cannot use them to change the deadline of any course tasks (e.g., assignments, exams, and presentations). You do not need to inform me when you want to use them. Otherwise, the only acceptable reason for an absence is a documented medical excuse. You will receive a reduced class attendance grade of 5 points per class missed (15 points when there are guest speakers).

Note: If you miss a class, it is your responsibility to obtain notes from a classmate. Hence, make a friend!

You are expected to participate (70 points) **actively**. Active participation means frequent contributions to discussion, the asking or answering of questions, and involvement in course debates.

- (3) **Literature review and presentation (200 points):** Later in the semester, depending upon a group to which you will be assigned, you will do a literature review (LR) project on a MNC topic. The LR will consist of a 10 page (or so) review of 3-4 readings from a list of LR reading options (1 must be the same as the LR reading you are assigned to present) and an in-class presentation of an assigned reading from the LR reading option list. You will find instructions for the LR project on [iLearn](#). **Note: *The only acceptable excuse for a late LR is a documented medical emergency which must state that the emergency prevented you from submitting your LR on time. Please see below for other important policy information regarding late work.***
- (4) **Midterm (200 points):** The midterm will be a take-home exam. Later in the semester, I will provide details about its structure and deadline. **Note: *The only acceptable excuse for a late midterm is a documented medical emergency which must state that the emergency prevented you from taking the midterm.***
- (5) **Final (400 points):** The final exam will be take-home. Later in the semester, I will provide details about its structure and deadline. **Note: *The only acceptable excuse for a late final is a documented medical emergency which must state that the emergency prevented you from taking the final.***

GRADING, LATE ASSIGNMENT, AND OTHER RELEVANT COURSE POLICIES

- (1) **Grade:** Generally speaking, excellent work (approximately 900-1000 points) is needed to earn an “A level” grade. Conversely, seriously inadequate or missing work (0-500 points) will earn an F. **Note: *If you wish to contest a grade, then you must do so in writing.*** “Guidelines for grade contestations” will be posted on [iLearn](#).
- (2) **Incompletes:** Incompletes hurt your chances of graduating in a timely fashion and are unfair to your classmates. Hence, I am unlikely to grant them except in truly extraordinary circumstances.
- (3) **Late Work Policy:** *Unless otherwise noted*, late assignments, papers, and the like will be marked down 10 percent per day in the absence of a documented medical excuse which must state you were unable to make an on-time submission.

Note: *Please note that computer problems are not an acceptable excuse for missed deadlines. Furthermore, assignments and exams are not considered on time in the absence of a submitted plagiarism pledge and the receipt of your work in a form that can be submitted through the plagiarism checking software used in this course.*

COURSE MATERIALS

I. **Books:** The following texts are *required* and available for purchase at the [SFSU Bookstore](#).

- (1) Stephen D. Cohen. 2007. *Multinational Corporations and Foreign Direct Investment: Avoiding Simplicity, Embracing Complexity* (Oxford: Oxford University Press) [*hereinafter MNCS/FDI*]
- (2) David C. Korten. 2001. *When Corporations Rule the World*, 2nd ed. (Kumarian Press/Berrett-Koehler Publishers)
- (3) Theodore H. Moran. 2006. *Harnessing Foreign Direct Investment for Development* (Washington, D.C.: Brookings Institution Press)

II. Other **Materials:** Certain materials below are available through SFSU Library electronic databases such as Academic Search Elite or JSTOR. At later points, I may make readings available through the SFSU Library’s electronic reserves system (<http://eres.sfsu.edu/>) or direct you to search for these items through SFSU Library electronic databases. In addition, I may identify web sites from which you must download materials.

COURSE RULES AND INFORMATION (Note: all aspects are subject to change)

(1) **Academic Integrity:** Cheating, which entails deceptive or fraudulent action to obtain an advantage, is a big no-no! Cheating shortchanges you and your classmates. Schedule your work so you will not feel pressure to engage in unethical activity. “Guidelines regarding academic integrity” are posted on [iLearn](#). You will be required to read this information, to demonstrate familiarity with it, and to submit a plagiarism pledge. A very common form of cheating is plagiarism; that is, exploiting another person’s words or ideas without giving them credit. Later, we will discuss how you can avoid plagiarism.

Note: It is International Relations Department policy to give an “F” on assignments that plagiarize. Moreover, you may be asked to withdraw from the course and to submit to University disciplinary procedures which could lead to your suspension or expulsion (see [SFSU Student Code of Conduct/Student Discipline](#)).

(2) **Civility:** **When in class, please turn off your cell-phones, pagers, and so on.** If you have a question or comment, please raise your hand.

You are expected to respect each other’s opinions and to voice your opinion in a polite manner. You do not need to agree with your classmates or me, but please handle all disagreements in a civil fashion. SFSU President Robert Corrigan has stated, “civility, understanding, and mutual respect toward all members of the University community are intrinsic to excellence in teaching and learning.” **Note: Verbal harassment, violence, or the threat of violence and similar conduct is “subject to disciplinary action up to and including expulsion from the University, or civil or criminal prosecution as appropriate” (see [SFSU Student Code of Conduct/Student Discipline](#)).**

(3) **Computer and email policy:** All students are assumed to have access to computers and leading office software (e.g., MS Word). You are responsible for checking your SFSU email accounts on a regular basis or for having your @sfsu.edu email forwarded to your preferred email accounts. **Note: Due to budgetary and time issues, it is not possible to submit assignments by email unless otherwise directed.**

(4) **Doing Your Best:** If you are having difficulty in this course due to language problems, time management issues, or the complexity of the material, or simply would like to do better, do not be afraid to see or email me, to use SFSU student resources like the Learning Assistance Center (<http://www.sfsu.edu/~lac/>), or to form a study group with your classmates. On our [iLearn](#) website, I have identified a number of university resources at your disposal (see “Student Learning Resources”). Many are free so exploit them!

(5) **iLearn:** We will make extensive use of iLearn for this course. You can access our [iLearn](#) site through <http://iLearn.sfsu.edu>. Our iLearn site will contain important announcements, course forms, lecture outlines, web links, and other useful information.

Note: [iLearn](#) uses SFSU email addresses so check your SFSU email regularly. Not all outside email programs (e.g., Gmail or Hotmail) properly forward. If you are having difficulties using [iLearn](#), contact the iLearn support team using their form (<https://iLearn.sfsu.edu/login/contact.htm>).

(6) **Instructional Aides/Teaching Assistants:** We will have some instructional aides (IAs) for this course. Among other things, they may advise you how to refine your presentations, offer you research guidance, and score quizzes, papers, and exams. Please recognize that our IAs are here to help you rather than to do your work. **Note: In no cases are IAs authorized to make decisions that affect your course obligations—e.g., assignment content requirements or assignment due dates.**

(7) **Everything Else:** You are welcome to tape lectures. **Note: Please do not bring visitors to class without approval. Furthermore, please do not bring food to class. Coffee, water, and other non-alcoholic beverages are okay.**

CLASS SCHEDULE (Note: *all aspects are subject to change*)

1. Monday (Jan. 26)-Course introduction, iLearn, and hints about doing well

2. Wednesday (Jan. 28)-Setting the Stage, part I: BP, Chevron, and Total

3. Monday (Feb. 2)-Setting the Stage, Part II: Russian FEP under Yeltsin

-DUE @ the beginning of class (BOC): student photo and SDF, plagiarism pledge, and survey (all on iLearn)

4. Wednesday (Feb. 4)-Setting the Stage, Part III: Russian FEP under Putin

5. Monday (Feb. 9)-Setting the Stage, Part IV: TNK-BP

6. Wednesday (Feb. 11)-Setting the Stage, Part V: TNK-BP (cont.) and Sakhalin

7. Monday (Feb. 16)-Movie or Independent Study

8. Wednesday (Feb. 18)-A Primer on MNCs, part I: Facts, Features, and Frameworks; Administrative-Introductions

-*MNCS/FDI*, pp. 11-26, 27-34, 36-40, 53-61, 84-92

9. Monday (Feb. 23)-A Primer on MNCs, part II: History

-*MNCS/FDI*, pp. 41-53

10. Wednesday (Feb. 25)-Debates about MNCs from the Academic Literature

-*MNCS/FDI*, pp. 34-36, 77-84

11. Monday (March 2)-Internationalization of MNCs, part I

-*MNCS/FDI*, pp. 62-71, 117-147

12. Wednesday (March 4)-Int. of MNCs, part II; Adm.-Distribution of Midterm, Discussion of Guidelines for the LR, SFSU Library Resources, Academic Integrity, and Turnitin, and Assignment of LR Groups

-*MNCS/FDI*, pp. 71-77

-Guidelines for the Literature Review (LR) and Guidelines regarding Academic Integrity (both on iLearn)

13. Monday (March 9)-**MIDTERM DUE**; Guest Speaker/Discussion Day

14. Wednesday (March 11)-The Attack on Corporations, part I

-*When Corporations Rule*, pp. 1-10, 59-74, 75-92, 93-106

15. Monday (March 16)-The Attack on Corporations, part II

-*When Corporations Rule*, pp. 123-133, 135-142, 143-150, 151-160, 161-174, 197-204

16. Wednesday (March 18)-Guest Speaker/Movie

DUE @ BOC: Group 1 LR materials (see Guidelines); Group 1 LR reading options (select all)

- (a) Nathan Fagre and Louis T. Wells, Jr. "Bargaining Power of Multinationals and Host Governments." *Journal of International Business Studies*, Vol. 13, No. 2 (Autumn 1982), pp. 9-23. Available through EBSCOhost
- (b) Andrew Walter, "Do They Really Rule the World?" *New Political Economy*, Vol. 3, No. 2 (1998), pp. 288-292. Available through Business Source (EBSCO)
- (c) Jan Tulberg, "Illusions of Corporate Power: Revisiting the Relative Powers of Corporations and Governments," *Journal of Business Ethics*, Vol. 52 (2004), pp. 325-333. Available through Springer/Kluwer Academic Journals
- (d) Yue-Man Yueng and Xiaojian Li, "Bargaining with Transnational Corporations: The Case of Shanghai," *International Journal of Urban and Regional Research*, Vol. 23, No. 3 (September 1999), pp. 513-530. Available through Wiley Interscience

17./18. (Monday, March 23; Wednesday, March 25)-**SPRING BREAK**

19. (Monday, March 30)-Understanding MNC Power, part I-MNC power versus host governments

- MNCs/FDI, pp. 233-251
-Group 1 LR presentations

DUE @ BOC: Group 2 LR materials (see Guidelines); Group 2 LR reading options (select 3)

- (a) David L. Levy, "Business and International Environmental Treaties," *California Management Review*, Vol. 39, No. 3 (Spring 1997), pp. 54. Available through Business Source (EBSCO)
- (b) Petra Christmann, "Multinational Companies and the Natural Environment: Determinants of Global Environmental Policy Standardization," *Academy of Management Journal*, Vol. 47, No. 5 (October 2004), pp. 747-760. Available through Business Source (EBSCO)
- (c) Aseem Prakash and Matthew Potoski, "Investing Up: FDI and the Cross-Country Diffusion of ISO 14001 Management Systems," *International Studies Quarterly*, Vol. 51, No. 3 (September 2007), pp. 723-744. Available through Wiley Interscience
- (d) Michael C. Webb, "Defining the Boundaries of Legitimate State Practice: Norms, Transnational Actors, and the OECD's Project on Harmful Tax Competition," *Review of International Political Economy*, Vol. 11, No. 4 (October 2004), pp. 787-827. Available through Business Source (EBSCO)
- (e) Gus Van Harten, "Private Authority and Transnational Governance: The Contours of the International System of Investor Protection," *Review of the International Political Economy*, Vol. 12, No. 4 (October 2005), pp. 600-623. Available through Business Source (EBSCO)

20. (Wednesday, April 1)-Understanding MNC Power, part II-International Institutions

- MNCs/FDI, pp. 252-272
-Group 2 LR presentations

DUE @ BOC: Group 3 LR materials (see Guidelines); Group 3 LR reading options (select 3)

- (a) Stephen D. Krasner, "Business Government Relations: The Case of the International Coffee Agreement," *International Organization*, Vol. 27, No. 4 (Autumn 1973), pp. 495-516. Available through Business Source (EBSCO)
- (b) Charles Lipson, "Corporate Preferences and Public Policies: Foreign Aid Sanctions and Investment Protection," *World Politics*, Vol. 28, No. 3 (April 1976), pp. 396-421. Available through Project Muse
- (c) Kenneth A. Rodman. 1995. "Sanctions at Bay? Hegemonic Decline, Multinational Corporations, and U.S. Economic Sanctions since the Pipeline Case," *International Organization*, Vol. 49, No. 1 (winter), pp. 105-137. Available through Business Source (EBSCO)
- (d) Donna Lee, "The Growing Influence of Business in U.K. Diplomacy," *International Studies Perspectives*, Vol. 5, No. 1 (February 2004), pp. 50-54. Available through Wiley Interscience

21. (Monday, April 6)-Understanding MNC Power, part III: Home Governments

-Group 3 LR presentations

22. (Wednesday, April 8)-Effect of MNCs on Home Countries

-*Harnessing FDI*, pp. 97-112

DUE @ BOC: Group 4 LR materials (see Guidelines); Group 4 LR reading options (select 3)

(a) Nathan M. Jensen, "Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment," *International Organization*, Vol. 57, No. 3 (Summer 2003), pp. 587-616. Available through Business Source (EBSCO)

(b) Seung-Whan Choi and Yiagadeesen Samy, "Reexamining the Effect of Democratic Institutions on Inflows of Foreign Direct Investment in Development Countries," *Foreign Policy Analysis*, Vol. 4, No. 1 (January 2008), pp. 83-103. Available through Wiley Interscience

(c) Jo Jakobsen and Indra de Soysa, "Do Foreign Investors Punish Democracy? Theory and Empirics, 1984-2001," *Kyklos*, Vol. 59, No. 3 (August 2006), pp. 383-410. Available through Business Source (EBSCO)

(d) Paul M. Vaaler, "How Do MNCs Vote in Developing Country Elections?" *Academy of Management Journal*, Vol. 51, No. 1 (February 2008), pp. 21-43. Available through Business Source (EBSCO)

23. (Monday, April 13)-Policy Autonomy

-*MNCS/FDI*, pp. 148-175

-Group 4 LR presentations

DUE @ BOC: Group 5 LR materials (see Guidelines); Group 5 LR reading options (select 3; "d" and "e" must be done together)

(a) Inge Ivarsson and Claes Goran Alvstam, "Technology Transfer from TNCs to Local Suppliers in Developing Countries: A Study of AB Volvo's Truck and Bus Plants in Brazil, China, India, and Mexico," *World Development*, Vol. 33, No. 8 (2005), pp. 1325-1344. Available through Science Direct (Elsevier)

(b) Anabel Marin and Martin Bell, "Technology Spillovers from Foreign Direct Investment (FDI): the Active Role of MNC Subsidiaries in Argentina in the 1990s," *Journal of Development Studies*, Vol. 42, No. 4 (May 2006), pp. 678-697. Available through Business Source (EBSCO)

(c) Jennifer W. Spencer, "The Impact of Multinational Enterprise Strategy on Indigenous Enterprises: Horizontal Spillover and Crowding Out in Developing Countries," *Academy of Management Review*, Vol. 33, No. 2 (April 2008), pp. 341-361. Available through Business Source (EBSCO)

(d) Rogier Busser, "'Detroit of the East'? Industrial Upgrading, Japanese Car Producers, and the Development of the Automotive Industry in Thailand," *Asia Pacific Business Review*, Vol. 14, No. 1 (January 2008), pp. 29-45. Available through EBSCOhost

(e) Rajan Rasiah, "Conclusions and Implications: The Role of Multinationals in Technological Capability Building and Localization in Asia," *Asia Pacific Business Review*, Vol. 14, No. 1 (January 2008), pp. 165-169. Available through EBSCOhost

24. (Wednesday, April 15)-MNCs and the Developing World, part I

-*MNCS/FDI*, pp. 179-204

-Group 5 LR presentations

DUE @ BOC: Group 6 LR materials (see Guidelines); Group 6 LR reading options (select 3)

(a) Chuck CY Kwok and Solomon Tadesse, "The MNC as an Agent of Change for Host-Country Institutions: FDI and Corruption," *Journal of International Business Studies*, Vol. 37, No. 6 (November 2006), pp. 767-785.

Available through EBSCOhost

(b) Nathan M. Jensen and Guillermo Rosas, "Foreign Direct Investment and Income Inequality in Mexico, 1990-2000," *International Organization*, Vol. 61, No. 3 (July 2007), pp. 467-487. Available through Business Source (EBSCO)

(c) Nazih Richani, "Multinational Corporations, Rentier Capitalism, and the War System in Colombia," *Latin American Politics & Society*, Vol. 47, No. 3 (Fall 2005), pp. 113-144. Available through Business Source (EBSCO)

25. (Monday, April 20)-MNCs and the Developing World, part II

-Harnessing FDI, pp. 1-74, 75-96

-Group 6 LR presentations

26. (Wednesday, April 22)-The Global HIV/AIDs Pandemic and MNCs, part I

27. (Monday, April 27)-The Global HIV/AIDs Pandemic and MNCs, part II

DUE @ BOC: Group 7 LR materials (see Guidelines); Group 7 LR reading options (select 3)

(a) Layna Mosley and Saika Uno, "Racing to the Bottom or Climbing to the Top? Economic Globalization and Collective Labor Rights," *Comparative Political Studies*, Vol. 40, No. 8 (August 2007), pp. 923-948. Available through Sage

(b) Kenneth Scheve and Matthew J. Slaughter, "Economic Insecurity and the Globalization of Production," *American Journal of Political Science*, Vol. 48, No. 4 (October 2004), pp. 662-674. Available through Wiley Interscience

(c) Cindy Wu, John J. Lawler, and Xiang Yi, "Overt Employment Discrimination in MNC Affiliates: Home-Country Cultural and Institutional Effects," *Journal of International Business Studies*, Vol. 39, No. 5 (July/August 2008), pp. 772-794. Available through EBSCOhost

28. (Wednesday, April 29)-MNCs and Workers

-Group 7 LR presentations

29. (Monday, May 4)-Governing MNCs, part I-Law and Markets

DUE @ BOC: Group 8 LR materials (see Guidelines); Group 8 LR reading options (select 3)

(a) Jędrzej George Frynas, "The False Developmental Promise of Corporate Social Responsibility: Evidence from Multinational Oil Companies," *International Affairs*, Vol. 81, No. 3 (May 2005), pp. 581-598. Available through Business Source (EBSCO)

(b) David Graham and Ngaire Woods, "Making Corporate Self-Regulation Effective in Developing Countries," *World Development*, Vol. 34, No. 5 (May 2006), pp. 868-883. Available through Science Direct (Elsevier)

(c) Vanessa M. Strike, Jijun Gao, and Pratima Bansal, "Being Good while Being Bad: Social Responsibility and the International Diversification of US Firms," *Journal of International Business Studies*, Vol. 37, No. 6 (November 2006), pp. 850-862. Available through EBSCOhost

(d) Susanne Soederberg, "Taming Corporations or Buttressing Market-Led Development? A Critical Assessment of the Global Compact," *Globalizations*, Vol. 4, No. 4 (December 2007), pp. 500-513. Available through Academic Search (EBSCO)

(e) Petra Christmann and Glen Taylor, "Firm Self-Regulation through International Certifiable Standards: Determinants of Symbolic Versus Substantive Implementation," *Journal of International Business Studies*, Vol. 37, No. 6 (November 2006), pp. 863-878. Available through EBSCOhost

30. (Wednesday, May 6)-Governing MNCs, part II-Norms and NGOs

- MNCs/FDI, pp. 272-286
- Group 8 LR presentations

31. (Monday, May 11)-Guest Speaker/Movie/Discussion Day

DUE @ BOC: Group 9 LR materials (see Guidelines); Group 9 LR reading options (select 3)

(a) Friedrich Wu, "The Globalization of Corporate China," *NBR Analysis*, Vol. 16, No. 3 (December 2005).

Available through <http://www.nbr.org/publications/analysis/pdf/vol16no3.pdf>

(b) Eunsuk Hong and Laixiang Sun, "Dynamics of Internationalization and Outward Investment: Chinese Corporations' Strategies," *China Quarterly*, No. 187 (September 2006), pp. 610-634. Available through *Fiche or Current Periodicals*

(c) Randall Morck, Bernard Yeung, and Minyuan Zhao, "Perspectives on China's Outward Foreign Direct Investment," *Journal of International Business Studies*, Vol. 39, No. 3 (April 2008), pp. 337-350. Available through *EBSCOhost*

32. Wednesday (May 13)-**LAST CLASS**; Emerging Market MNCs from China

- Group 9 LR presentations